

The Honorable BRIAN D. LYNCH
Hearing Date: August 23, 2023
Hearing Time: 9:00 a.m.
Response Date: August 16, 2023
Chapter 7 Proceeding
Tacoma, Washington

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF WASHINGTON AT TACOMA**

In Re:

MICHELLE SANTOS,
RAUL SANTOS,

Debtors,

Bankruptcy Case No.: 22-40341

MOTION TO APPROVE
COMPROMISE

COMES NOW, the Trustee, Mark D. Waldron, by and through his attorneys, Law Offices of Mark D. Waldron, PLLC, and requests authority to compromise and settle the pending adversary proceeding known as Waldron vs Chung Malhas & Mantel, PLLC, case number 22-4019.

1. The Trustee, in the complaint, sought to avoid the transfer of property. The defendants are a law firm, which had agreed to represent debtors in a legal matter. Debtors signed a fee agreement, which included a provision for an automatic withdrawal of payments from debtors.

2. The debtors made payments under the agreement to defendants totaling of \$16,625.00 within 90 days of the date of the petition which represented payment towards an antecedent attorney fee debt of \$75,000.00.



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email: mark@mwaldronlaw.com

1 3. Defendants dispute the allegations in the Complaint. The parties have now
2 entered into negotiations and have agreed to fully settle and compromise the adversary
3 proceeding, subject to Bankruptcy Court approval on the following terms:

- 4 a. Chung Malhas & Mantel, PLLC (CMM) agrees to pay Trustee, on behalf of
5 the Estate, the total sum of FIVE THOUSAND DOLLARS (\$5,000) to
6 resolve the claims asserted in the adversary proceeding. However, CMM's
agreements herein shall not be construed as an admission of the claims
asserted in the adversary.
- 7 b. CMM shall tender the settlement payment to Trustee in two equal
8 payments of \$2,500 each, payable as follows:
- 9 i. CMM shall deliver the first payment to Trustee upon the latter of
10 either (I) thirty (30) days after execution of this Agreement, or (2)
11 five (5) days after court approval in the Bankruptcy Case.
- 12 ii. CMM shall deliver the second payment to Trustee no later than
13 thirty (30) days after delivery of the first payment.
- 14 c. All payments hereunder shall be tendered to the Trustee by either (i) wiring
15 transfer pursuant to instructions provided by Trustee or (ii) check mailed and
16 payable to Mark Waldron, Chapter 7 Trustee, 6824 19th Street W., PMB 250,
University Place, WA 98466.
- 17 d. Upon approval by the Bankruptcy Court of all terms of the Settlement
18 Agreement, the Trustee agrees to dismiss, with prejudice, the above-
19 referenced adversary proceeding.
- 20 e. The parties have executed a Settlement Agreement which is on file with the
21 clerk's office. This motion does not contain all the terms, however, all
22 representations made in this motion are consistent with the Settlement
23 Agreement. The Trustee believes that this compromise is in the best interest
24 of the estate and its creditors due to the risks and uncertainty of litigation,
and the costs as well. Therefore, the Trustee proposes that the Court
authorize a compromise and settlement of all terms as set forth above.

25 3. The 9th Circuit has identified the factors which should be considered by the Court
26 when reviewing compromise motions. Most importantly the Court must find that the
compromise is fair and equitable. Probability of success in litigation, difficulties in receiving
payment, complexity and the interest of creditors are those factors. The fact that this



1 litigation has been pending for some time and that the debt is disputed and the defendant
2 claims the fees were earned contemporaneous with the payment, demonstrates these
3 factors. The Trustee believes that this resolution will be beneficial to creditors as stated
4 above. Therefore, in this case, all factors are met and support approval by the Court. *In*
5 *re: AC Properties, 784 F.2d 1377 (9th Circ. 1986).*

6 DATED this 24th day of July, 2023.

7 Law Offices of Mark D. Waldron, PLLC

8
9 /s/ Mark D. Waldron
10 MARK D. WALDRON (WSBA #9578)
Attorney for Trustee

11 **DECLARATION OF TRUSTEE**

12 The Trustee, Mark D. Waldron, hereby declares under penalty of perjury that this
13 declaration is made in support of the above motion. I hereby incorporate the
14 representations and information contained in the motion and it is true and accurate in all
15 respects to the best of my knowledge and belief.

16 /s/ Mark D. Waldron
17 Mark D. Waldron, Chapter 7 Trustee
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